

# Canada Trade Mission Begins New Neighborly Relationships:

New York Producers Meet Buyers from  
Retail, Wholesale Distribution, and  
Food Service Sector in Toronto and Montreal



# BRIEF

**Situation:** Despite close proximity to New York Growers, exports to Canada have dropped.

**Response:** Trade mission to Canada created to strengthen and develop new relationships.

**Outcome:** Improved trade relations and sales opportunities secured for trade mission participants and other New York State growers.

**Opportunity:** Closing exchange rate gap, coupled with rising fuel costs strategically place New York in an advantageous position for increasing trade with Canada.

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### Acknowledgement

The New York State Department of Agriculture and Markets would like to thank the many organizations and individuals who contributed towards the success of this trade mission, including the USDA Federal State Market Improvement Program, Faye Clack Communications Inc., Cornell University, Kitty Noble, and Beth Hershenhart (Innovative Resources Group).

# History

Nathan L. Rudgers, Commissioner, New York State Department of Agriculture and Markets, has consistently asserted that one of the region's biggest assets is the large and concentrated consumer population within hours of producer farms. Too often, Northeast farmers only think of the major U.S. cities along the Atlantic corridor. Commissioner Rudgers reminds buyers and growers of our strategic location by drawing a series of concentric circles, centered in upstate New York, demonstrating that similarly significant markets exist equally close to these producers north of the border, in Ontario and Quebec provinces.

From February 27 through March 3, 2005 eight New York farm leaders ventured a short distance north to begin developing relationships with some of Toronto and Montreal's most important buyers of food and agricultural products. The trade mission was sponsored by the New York State Department of Agriculture and Markets, with meetings organized and arranged by Canadian-Based, Faye Clack Communications and Marketing. Funding for the trade mission came from a USDA Federal State Marketing Improvement Program (FSMIP) grant.

The five-day mission included eight New York companies, representing fresh fruits and vegetables from around the state: including apples, cabbage, onions, sweet corn, snap beans, cucumbers, squash, green leafy vegetables, peaches, carrots, eggplant, cherries, and wine.

Members of the trade mission included CY Farms from Genesee County, Sun Orchard Fruit Co. from Niagara County, Singer Farms from Niagara County, Eden Valley Growers, Inc. from Erie County, Ed Hansen Farms, Inc. from Ontario County, Kinderhook Creek Farm Farm, Inc. from Rennselear County, Gill Farms, Inc. from Ulster County, and the Anthony Road Wine Co. from Yates County

NYSDAM Staff included: Bill Jordan, Project Leader and Cheryl L. Gnade, International Trade Specialist.



**Pictured from left to right are: Cheryl Gnade (NYSDAM), John Gill (Gill Farms), Jim Bittner (Singer Farms), Andre Turenne (General Director of the Quebec Produce Growers Association), Mike Riner (CY Farms), Larry Eckhardt (NYS Vegetable Growers Association), Eric Hansen (Hansen Farms), Gary Balone (Eden Valley Growers Cooperative), PJ Riner (CY Farms) and Bill Jordan (NYSDAM))**

# Planning the Mission

As part of the trade mission project, a initial survey was developed by Cornell University's agricultural economist, Dr. Nelson Bills. Potential trade mission participants completed this survey regarding their concerns and perspectives on trade with Canada. Most survey respondents placed a low priority on exporting, but for those who do export, Canada is the most common export destination. The three largest perceived obstacles to successful exporting identified were:

**Obstacle #1:** Finding Potential Customers

**Obstacle #2:** Obtaining Export Assistance Information

**Obstacle #3:** Meeting Prices of Competitors

Most survey respondents and trade mission participants had no previous export experience, but expected to exert more effort and expense toward exporting in the next three years

## New York Buyer's Mission Agenda

*February 27 – March 3*

### Sunday, February 27

8:00 P.M. Meet & Greet for Albany Travelers  
Canadian Bar & Grill, lower level  
10:00 P.M. Meet & Greet for Rochester Travelers  
Canadian Bar & Grill, lower level

### Monday, February 28

6:50 A.M. Meet in hotel lobby  
7:00 A.M. Travel to Ontario Food Terminal  
7:30 A.M. Orientation and Tour of Ontario Food Terminal  
9:30 – 12:00 P.M. Individual and group meetings  
11:45 A.M. Meet in front of the Ontario Food Terminal  
Offices to walk to lunch location  
12:00 – 1:00 P.M. Lunch at Rocco's Plum Tomato Trattoria  
1:00 – 2:00 P.M. Retail tour of Sobey's, Canada's 2nd largest retailer  
2:00 – 3:00 P.M. Return to Ontario Food Terminal for Gambles Meeting or travel to Loblaws  
3:00 – 5:00 P.M. Retail tour of A&P, Canada's largest retailer  
7:00 P.M. NYSDAM hosted Dinner  
Crush Restaurant & Wine Bar  
455 King St. W.

### Tuesday, March 1

9:00 A.M. Meet in hotel lobby  
10:00 A.M. Meeting at C.H. Robinson  
11:00 A.M. Retail Tour – Loblaws, Real Canadian Super Store, Canada's largest retailer  
12:00 P.M. Lunch  
1:30 P.M. Meeting at Sobey's

### Wednesday, March 2

6:30 A.M. Meet in hotel lobby  
6:45 A.M. Travel to Airport  
9:00 A.M. Flight to Montreal  
10:30 A.M. Travel to hotel, check-in  
12:45 P.M. Meet in hotel lobby  
1:30 P.M. Meeting at Hector Larivee  
2:30 P.M. Meeting – Courchesne Larose  
3:30 P.M. Retail Tour  
6:30 P.M. Meet in hotel lobby  
7:00 P.M. No Host Dinner  
Gabi's, Old Montreal

### Thursday, March 3

8:15 A.M. Meet in hotel lobby  
8:45 A.M. M. André Turenne, directeur général, Place des producteurs, Marché Central (Montréal)  
9:30 A.M. Meetings at Marche Central, Montreal's Food Terminal  
12:00 P.M. Lunch  
1:00 P.M. Meetings at Metro Richelieu, Canada's 3rd largest retailer



# Primary Objective Achieved: Business Relationships Begun!

## Obstacle #1 Overcome: Finding Potential Customers

Trade Mission organizers from Faye Clack were very clear during orientation upon arrival in Toronto. The first objective in the trade mission is not a sale at the initial meeting, which they warned would not occur; but rather to build a relationship that will lead to sales at some point in the future. Such relationship building occurred for all trade mission participants. In the case of at least three participants, new customers and orders have come to fruition since those initial conversations in February and March, 2005. One Quebec based buyer stated a common perspective very well, "I have been buying produce for many, many years, and this is the first time that New York producers have come to me to consider buying their product. There are many times when I am short and the geographic proximity is a tremendous advantage that warrants building business relations with you." Three months later the first truckload of produce shipped from western New York into Quebec province. Many more truckloads could be on the way from trade mission participants and other New York producers, like you!

Success of the trade mission is not measured by sales alone, although these volumes will undoubtedly be increasing over time. On the evening of the first full day (which began very early at the Ontario Terminal Market) a reception dinner was organized. Wine from Anthony Road Winery was enjoyed by all, through the generosity of John Martini, owner of Anthony Road and board member of the New York Wine and Grape Foundation. John, along with New York's wine industry agent in Ontario, Robert Ketchin, shared with the group the success of their day's efforts. "I have been working to get my wines into Ontario for years. The Liquor Control Board of Ontario (LCBO) has been difficult to convince regarding entry of New York wines into their stores and the Province more generally. Still, when we met with the person who will make the decision with the LCBO about our wines, he tasted our latest vintage and virtually guaranteed our quality would win the day and we will get orders in the next round of LCBO importations." John provided an important precedent for other trade mission participants.

## Obstacle #2 Overcome: Obtaining Export Assistance Information

In any new market, it is easy to perceive exporting as intimidating and too complicated for any business. A very negative opinion does exist amongst many New York and Northeast farmers. We frequently heard farmers express, "We cannot grow our business into Canada, because their trade policies are intended to keep our product out." In fact Canada has become the United State's # 1 agricultural trade partner. This trade mission demonstrated that there is easy access to export assistance information, if a business is really interested in the Canadian market. The USDA Foreign Agricultural Services Agricultural Attache, Gary Groves, who joined the trade mission in Quebec, explained, "This trade mission can be the start of a strong and significant business relationship with Canadian customers. We have programs, such as Canada Connects, providing you with ongoing support in identifying customers and addressing export issues. Please take advantage of these free serv-



**John Gill of Gill Farms, one of the State's largest sweet corn producers, explains his family operation to produce buyers from Hector Larivee in Montreal.**



**John Martini, right, discusses efforts to get his Anthony Road wines into the Canadian marketplace with trade mission participants Gary Valone and Eric Hansen**

ices, which we underwrite in order to help you access this market.” The New York State Department of Agriculture and Markets and other Northeastern states’ departments of agriculture can assist farm and food companies access Canada and other export markets, through their participation in Food Export USA-Northeast. See <http://www.foodexportusa.org/>

### Obstacle #3 Overcome: Meeting Prices of Competitors

Jim Bittner of Singer Farms, Niagara County, was another valuable participant in the trade mission. Jim already sells into Canada, so he could speak with other trade mission participants about his experience. One of the most significant observations Jim shared with the group relates to his current contract selling peaches into Ontario. Jim explained, “My contract actually ties my sales price to the cost of fuel because the company buying from me was actively seeking peach producers geographically closer to them than previous suppliers. Given my geographic proximity to this large market, increasing fuel prices actually work to my advantage. Not only are they more interested in my product, as fuel prices increase, they are willing to increase my sales price proportionally, because I am saving them so much money on expensive long transportation costs.”



**Pictured in Montreal meeting left to right: Kathy Boyce, Faye Clack Communications, Gary Balone, Gary Groves (Agricultural Attache, USDA FAS office Ottawa), Hector Laveirre, Jim Bittner, Larry Eckhardt, buyer for Hector Leveirre, and John Gill.**



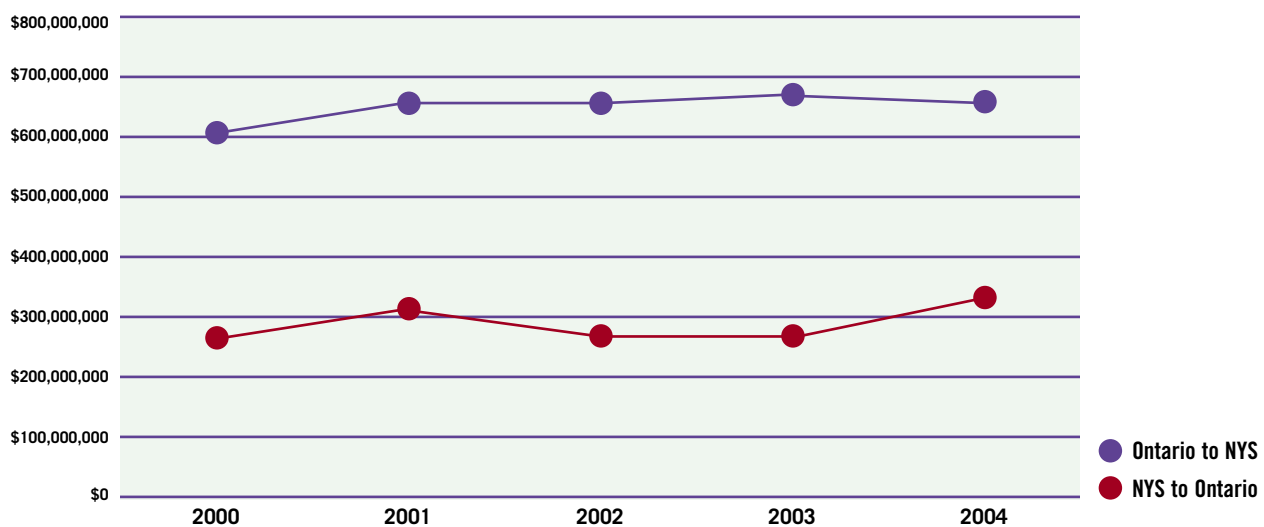
# Preliminary Analysis of New York-Canada Agricultural Trade

The New York Department of Agriculture and Markets conducted preliminary research which demonstrated significant trade imbalances between New York and the neighboring provinces of Ontario and Quebec. In 2001 agricultural exports to these provinces totaled \$ 297.7 million USD and \$ 39.8 million respectively, but statistics for the same time period show significant negative trade balances with these two provinces favoring Ontario and Quebec. In 2001 Ontario exported \$650 million of agriculture products into New York, while Quebec exports to New York were slightly less than \$ 400 million. By 2004 New York increased exports to Ontario, up to **\$325 million**, a growth since 2000 of **19.08%**. New York sales to Quebec remained relatively stagnant, totaling roughly **\$48.4 million**. Over the most recent four year time period (2001-2004) New York closed some of the trade imbalance with Ontario, and had the trade imbalance with Quebec expand.

Preliminary causal analysis for this imbalance consider several elements. Exchange rates between currencies have favored Canada exports over the last ten years. While this has been a primary driver of the trade imbalance, the gap in exchange rates closed during the implementation of this trade mission, to the point where exchange rates became less of a factor than at the outset of the project. Exchange rates also cannot be cited as a reason when other U.S. states, like California and Florida have grown their volumes and market share of U.S. exports into these two provinces.

Export to Ontario	2004	% Change 2000-2004	2000 U.S. Mkt. Share	2004 U.S. Mkt. Share
1. California	\$1,008,639,452	20.03%	18.38%	17.04%
2. Illinois	\$480,122,709	50.68%	6.98%	8.11%
3. Ohio	\$366,115,321	43.64%	5.57%	6.18%
4. Florida	\$332,260,788	61.46%	4.50%	5.62%
<b>5. New York</b>	<b>\$325,211,395</b>	<b>19.08%</b>	<b>5.97%</b>	<b>5.50%</b>
6. Michigan	\$320,829,358	27.73%	5.49%	5.42%
7. Minnesota	\$318,548,376	24.22%	5.61%	5.39%
8. Wisconsin	\$281,202,987	75.04%	3.51%	4.76%
9. Iowa	\$273,152,735	124.34%	2.67%	4.61%
10. Pennsylvania	\$260,976,398	31.02%	4.36%	4.40%
<b>Total U.S. Exports</b>	<b>\$5,917,228,984</b>	<b>29.47%</b>		

NYS-Ontario Agricultural Products Trade 2000-2004

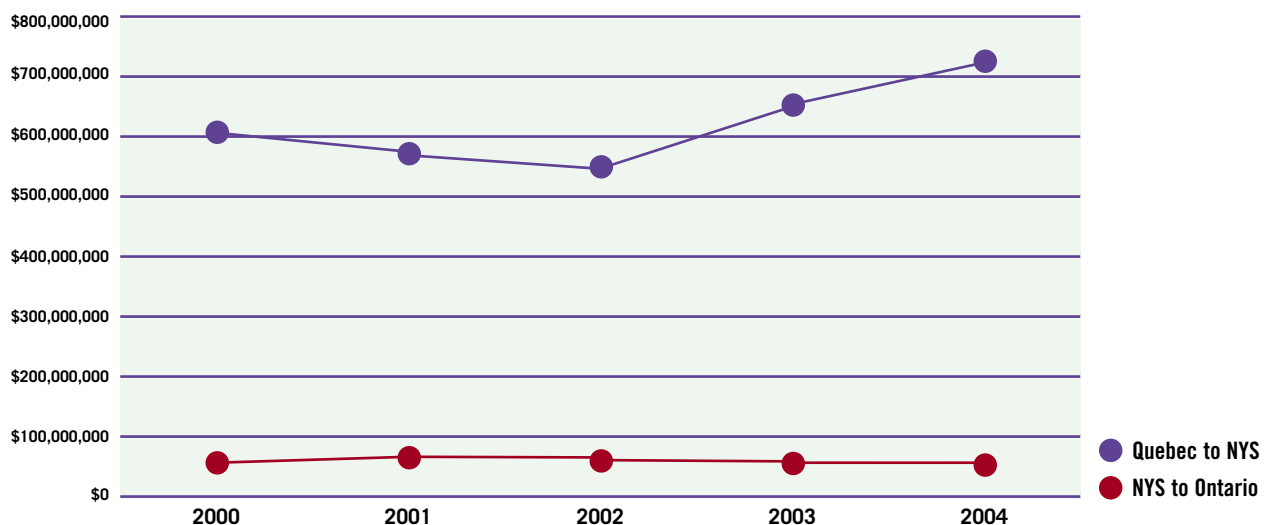


Export to Quebec	2004	% Change 2000-2004	2000 U.S. Mkt. Share	2004 U.S. Mkt. Share
1. Florida	\$143,296,043	67.68%	14.68%	23.91%
2. New Jersey	\$75,535,783	-9.35%	14.32%	12.61%
3. California	\$64,151,070	40.58%	7.83%	10.72%
<b>4. New York</b>	<b>\$48,401,426</b>	<b>14.63%</b>	<b>9.73%</b>	<b>8.10%</b>
5. Vermont	\$29,223,321	16.37%	4.30%	4.90%
6. Massachusetts	\$27,559,191	21.70%	3.90%	4.61%
7. Pennsylvania	\$19,765,844	28.39%	2.66%	3.30%
8. North Carolina	\$17,059,960	15.57%	2.55%	2.86%
9. Georgia	\$14,326,183	31.04%	3.57%	2.38%
10. Minnesota	\$13,362,356	195.84%	0.77%	2.23%
<b>Total U.S. Exports</b>	<b>\$598,974,757</b>	<b>2.82%</b>		

Another factor which was often confirmed and cited during trade mission conversations with buyers was the similar geography and growing seasons with each provinces' local farmers, which puts New York and other Northeast farmers at a disadvantage compared to other states and countries, whose growing seasons provide products when they are unavailable from producers within the province.

Provincial regulatory barriers were also identified, especially in relation to specific products, such as potatoes, wine, and, to a lesser extent, apples. For potatoes and apples, bulk easements/ministerial exemptions are a primary and significant barrier to entry of Northeast product into the provinces. This measure requires a permit from the province to import product from outside the province. The permit is only granted if product from the province is not available. New York has worked through national organizations, such as the National Potato Council, and the USTR to address this legitimate barrier to trade.

**NYS-Quebec Agricultural Products Trade 2000-2004**





# Product by Product Analysis and Trade Mission Results

## Apples

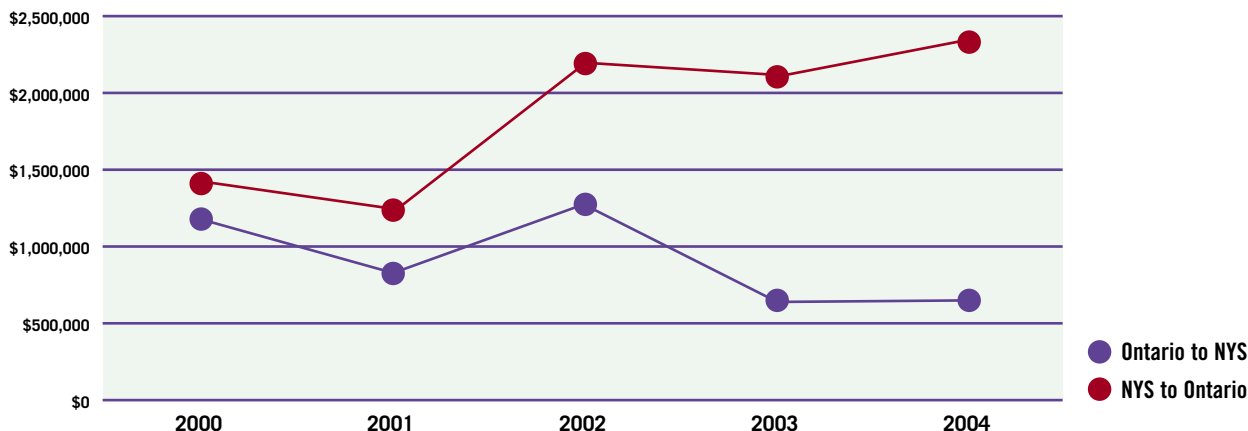
John Russell of the Sun Orchard Fruit Co. and Jim Bittner of Singer Farms, both from Niagara County, were the two representatives from New York's apple industry.

Apple exports from New York to Canada have been increasing over the last three years with June 04-05 year to date figures showing a 55.38% increase over the last five years. At almost \$2.3 million, New York imports into Ontario only represents 5.1% of all U.S. apple imports into the province, with 83.42% (\$ 37.4 million) coming from Washington State. Over the same time period, total imports from the U.S. have declined by 10.86%, while total imports from other countries have increased by 43.84%. Though New York exports show a significant increase, these statistics do not identify exports that are destined for other countries, especially apples destined for the United Kingdom. Of particular note, China has a 4.77% market share, but were not even exporting to Ontario as recently as 2001. China and Chile have shown the largest percentage changes over the time period: 6854.15% and 163.72% respectively.



Exports to Ontario by State	2004	% Change 2000 - 2004	2000 U.S. Mkt Share	2004 U.S. Mkt Share	Exports to Ontario By Country	2004	% Change 2000 - 2004	2000 Export Mkt Share	2004 Export Mkt Share
Washington	\$37,353,621	38.77%	74.54%	83.42%	United States	\$44,776,463	23.98%	78.70%	67.84%
California	\$3,536,089	-34.89%	15.04%	7.90%	Chile	\$10,379,432	163.72%	8.58%	15.73%
<b>New York</b>	<b>\$2,282,189</b>	<b>55.38%</b>	<b>4.07%</b>	<b>5.10%</b>	New Zealand	\$4,546,905	42.51%	6.95%	6.89%
Michigan	\$1,024,371	4.51%	2.97%	2.28%	China	\$3,150,230	6854.15%	0.10%	4.77%
Oregon	\$205,579	-43.48%	1.00%	0.46%	South Africa	\$2,891,624	32.01%	4.77%	4.38%
Idaho	\$74,414	118.43%	0.09%	0.16%	Singapore	\$79,064	N/A	N/A	0.12%
<b>Total U.S. Exports</b>	<b>\$44,776,463</b>	<b>23.98%</b>			<b>Total to Ontario</b>	<b>\$66,002,203</b>	<b>43.84%</b>		

Ontario-NYS Apple Trade Balance

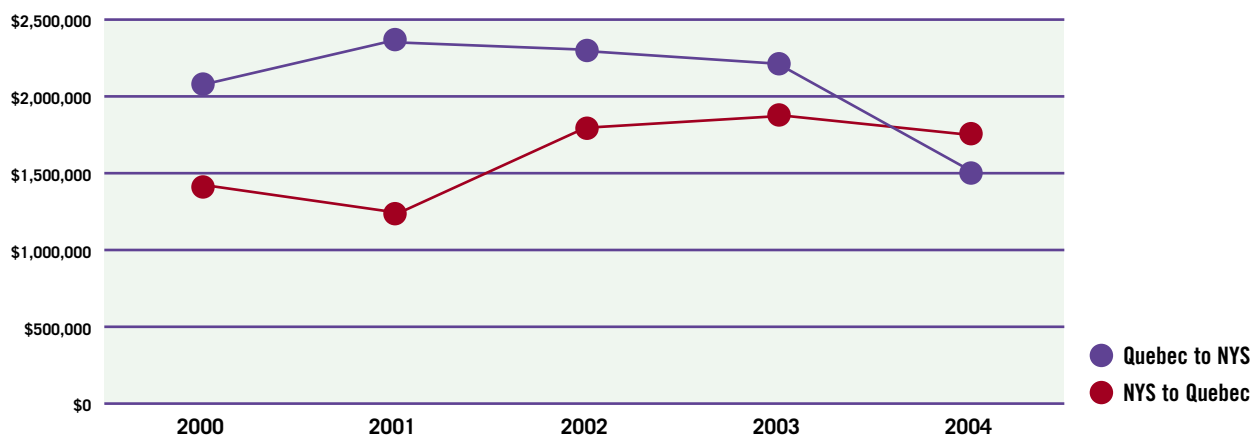


Prior to 2003, the import/export trade balance of apples between Quebec and New York continued to favor Quebec, as it had since 1995. However, in June of the same year, New York exports to Quebec surpassed Quebec's fresh and dried apple exports. Total Quebec apple imports have increased by 79.61% over the 2000-2004 period, with Chile holding the majority market share of all countries exporting to Quebec (46.28%). Both Washington and New York export sales have increased since 2000 by 75.78% and 19.72%, respectively.

Trade mission participants heard a positive disposition amongst buyers towards considering New York apple products, particularly in cases when shorts exist. Supermarket tours confirmed that space for apples in produce sections tends to be very large, with a wide variety of Ontario and Quebec products, and comparable space for apples from around the world.

Export to Quebec By State	% Change 2004	2000 U.S. 2000-2004	2004 U.S. Mkt Share	Mkt Share	Export to Quebec By Country	2004	% Change 2000-2004	2000 Export Mkt Share	2004 Export Mkt Share
Washington	\$1,759,128	75.78%	38.54%	46.84%	Chile	\$6,781,652	191.87%	28.48%	46.28%
<b>New York</b>	<b>\$1,708,462</b>	<b>19.72%</b>	<b>54.93%</b>	<b>45.51%</b>	United States	\$3,753,968	44.51%	31.84%	25.62%
Massachusetts	\$187,765	24190.43%	0.03%	5.00%	South Africa	\$2,490,764	81.78%	16.79%	17.00%
California	\$42,987	40.18%	2.76%	1.13%	France	\$724,919	69.75%	5.23%	4.95%
Pennsylvania	\$25,139	-8.78%	1.07%	0.66%	New Zealand	\$564,352	-53.38%	14.84%	3.85%
Florida	\$21,121	3961.73%	0.03%	0.55%	Argentina	\$94,969	28.92%	0.90%	0.65%
<b>Total U.S. Exports</b>	<b>\$3,753,969</b>	<b>44.51%</b>			<b>Total to Quebec</b>	<b>\$14,653,610</b>	<b>79.61%</b>		

Quebec-NYS Apple Trade Balance



# Onions

The United States is the #1 onion exporting country into Ontario, with a 71.67% market share in 2004, which represents \$26.7 million in sales. Overall U.S. market share into Ontario dropped over the last five years, from 88.17% to 71.67%. Mexican imports represent the majority of that lost market share, jumping from 9.92% to 24.94%. New York is ranked #19 amongst onion exporting states into Ontario, registering a mere \$76,000 in sales, compared to \$8.7 million by California, ranked #1. With New York ranked #6 in total U.S. onion production, it would seem likely that a long shelf life product like the onion, could present opportunities for increased New York sales.

Onion producers that participated in the trade mission, like Eric Hansen of Hansen Farms, and Craig Yunkers of CY Farms, concurred that opportunities do exist for New York producers, especially when considering increased transportation costs to bring onions from distant states, and Mexico.

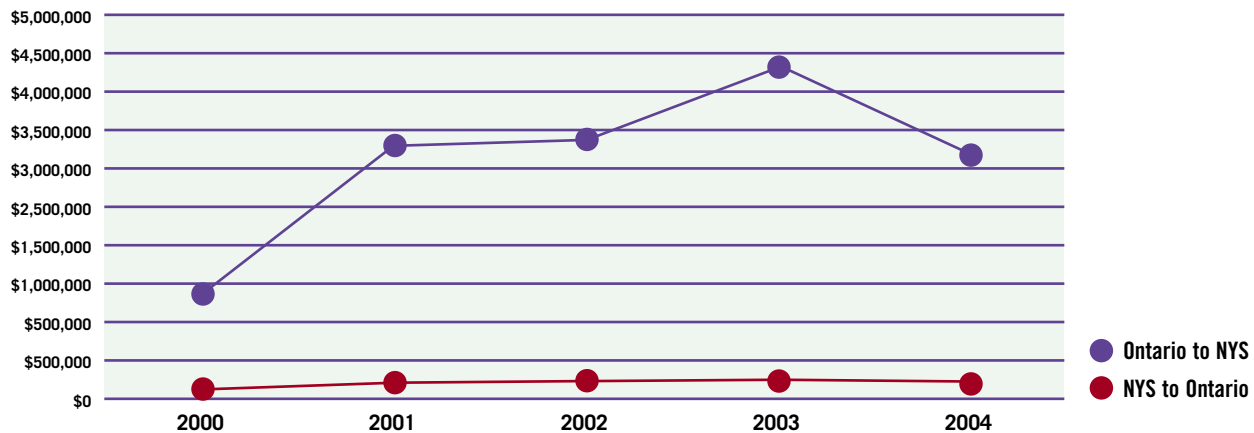
Comparing graphs between Quebec and Ontario, we see a similar pattern of far greater sales from both of these provinces into New York, with very little sales volume from New York into either province. While the U.S. ranks #1 in exports to Quebec, as we do in Ontario, total U.S. exports of onions into Quebec is only \$825,000, with less than \$10,000 coming from New York.



Exports to Ontario By State	2004	% Change 2000-2004	2000 U.S. Mkt Share	2004 U.S. Mkt Share	Exports to Ontario By Country	% Change 2004	2000 Export 2000-2004	2004 Export Mkt Share	Mkt Share
California	\$8,682,422	12.80%	42.47%	32.47%	United States	\$26,735,614	14.06%	88.17%	71.67%
Oregon	\$5,690,006	98.38%	12.24%	21.28%	Mexico	\$9,305,369	252.95%	9.92%	24.94%
Georgia	\$2,481,750	47.87%	7.24%	9.28%	Peru	\$328,544	74.74%	0.71%	0.88%
Washington	\$2,116,859	8.12%	8.35%	7.91%	Chile	\$316,971	N/A	0%	0.85%
Texas	\$1,843,470	100.00%	5.05%	6.89%	France	\$237,671	563.35%	0.13%	0.64%
Idaho	\$1,836,248	25.55%	10.53%	6.86%	Jamaica	\$117,061	28.28%	0.34%	0.31%
New Mexico	\$752,642	221.45%	1.00%	2.82%	<b>Total to Ontario</b>	<b>\$37,304,714</b>	<b>40.33%</b>		
Arizona	\$749,971	-60.87%	8.18%	2.80%					
Nevada	\$686,695	964.61%	0.27%	2.57%					
Pennsylvania	\$408,746	180.35%	0.62%	1.53%					
Michigan	\$372,725	-6.86%	1.71%	1.40%					
Florida	\$247,058	-12.68%	1.20%	0.92%					
Wisconsin	\$238,732	N/A	N/A	0.89%					
Illinois	\$143,353	122.55%	0.31%	0.53%					
North Carolina	\$120,818	629.01%	0.07%	0.45%					
Colorado	\$97,895	193.76%	0.15%	0.36%					
<b>New York</b>	<b>\$76,009</b>	<b>76.47%</b>	<b>0.18%</b>	<b>0.28%</b>					
<b>Total U.S. Exports</b>	<b>\$26,735,614</b>	<b>14.06%</b>							

Export to Quebec By State	2004	% Change 2000-2004	2000 U.S. Mkt Share	2004 U.S. Mkt Share	Export to Quebec By Country	% Change 2004	2000 Export 2000-2004	2004 Export Mkt Share	Mkt Share
Washington	\$421,207	1252.62%	12.99%	51.06%	United States	\$825,045	244.16%	39.57%	36.66%
Georgia	\$119,152	637.80%	6.57%	14.08%	Netherlands	\$492,904	856.28%	8.51%	21.90%
Nevada	\$63,546	N/A	0.00%	7.69%	Chile	\$420,190	N/A	0%	18.67%
Texas	\$46,263	405.28%	3.82%	5.62%	France	\$263,170	57.90%	27.51%	11.69%
Arizona	\$40,733	106.25%	8.24%	4.98%	Morocco	\$80,353	88.27%	7.04%	3.57%
California	\$32,611	-54.87%	30.12%	3.96%	Guatemala	\$46,442	580425%	0%	2.06%
Florida	\$31,579	62.48%	35.10%	3.82%	<b>Total to Quebec</b>	<b>\$2,250,374</b>	<b>271.42%</b>		
New Jersey	\$22,955	543.72%	2.53%	2.78%					
New Mexico	\$13,970	N/A	0%	1.69%					
Oregon	\$11,886	N/A	0%	1.45%					
<b>New York</b>	<b>\$9,584</b>	<b>63793.33%</b>	<b>0%</b>	<b>1.17%</b>					
<b>Total U.S. Exports</b>	<b>\$825,045</b>	<b>244.16%</b>							

Ontario-NYS Onion Trade Balance



Quebec-NYS Onion Trade Balance



# Cabbage

Faye Clack warned trade mission organizers and participants that cabbage sales would be more difficult to achieve; primarily because the retail market for whole cabbage has shown serious decline in recent years. In 2003 New York ranked second in the nation for cabbage production. In 2004, New York sales into Ontario were a negligible \$1,716 compared to \$31.6 million from California, which retained a 67% U.S. market share. Arizona has grown its market share almost 14% in the last four years. So despite warnings that cabbage demand is declining, several other U.S. states are exporting significant volumes of a product that New York ranks #2 in production nationwide.



Exports to Ontario By State	% Change 2004	2000 U.S. 2000-2004	2004 Mkt Share	Mkt Share	U.S. Exports to Ontario By Country	2004	% Change 2000-2004	2000 Export Mkt Share	2004 Export Mkt Share
California	\$31,600,313	15.93%	80.19%	67.18%	United States	\$47,041,264	38.41%	98.60%	99.86%
Arizona	\$11,255,995	229.50%	10.05%	23.93%	Mexico	\$49,840	-87.1%	1.17%	0.11%
Ohio	\$2,671,156	N/A	0%	5.68%	Azerbaijan	\$4,598	-6.92%	0.01%	0.11%
Michigan	\$514,267	-59.98%	3.78%	1.09%	Ukraine	\$2,247	N/A	0%	0%
Illinois	\$415,648	-31.07%	1.77%	0.88%	Re-imports (Canada)	\$1,958	-79.99%	0.03%	0%
<b>New York (#17)</b>	<b>\$1,716</b>	<b>N/A</b>	<b>0%</b>	<b>0%</b>	France	\$1,826	N/A	0%	0%
<b>Total U.S. Exports</b>	<b>\$47,041,264</b>	<b>38.41%</b>			<b>Total to Ontario</b>	<b>\$47,104,878</b>	<b>36.65%</b>		

Export to Quebec By State	% Change 2004	2000 U.S. 2000-2004	2004 Mkt Share	Mkt Share	U.S. Export to Quebec By Country	2004	% Change 2000-2004	2000 Export Mkt Share	2004 Export Mkt Share
Florida	\$547,411	215.42%	19%	56.29%	United States	\$972,400	6.41%	98.07%	98.06%
New Jersey	\$308,217	-47.46%	64.20%	31.69%	Israel	\$18,914	188.54%	0.70%	1.91%
California	\$69,973	-34.98%	11.78%	7.20%	Netherlands	\$286	-37%	0.05%	0.03%
Arizona	\$41,503	53.08%	2.97%	4.27%	Mexico	N/A	N/A	0.65%	0%
Connecticut	\$4,577	N/A	0%	0.47%	Spain	N/A	N/A	N/A	0%
<b>New York</b>	<b>\$720</b>	<b>N/A</b>	<b>0%</b>	<b>0.07%</b>	Re-imports (Canada)	N/A	N/A	0.06%	0%
<b>Total U.S. Exports</b>	<b>\$972,400</b>	<b>6.41%</b>			<b>Total to Quebec</b>	<b>\$991,559</b>	<b>6.42%</b>		



# Sweet Corn

Sweet corn exports from New York to Ontario have fluctuated extensively from 2000-2004. New York continues to be the second largest exporting state of sweet corn in the nation, holding a 19.14% market share in 2004, but far behind the 72.46% market share enjoyed by Minnesota, which has increased its market share over the last four years 88%.

While sweet corn sales from New York rank the state number one amongst states, where the U.S. is the second largest exporter into the province, volumes are so low, they reflect a clear preference for in province seasonal production. Given geographic proximity, it would seem feasible to increase imports from New York, especially if exchange rate advantages continue to moderate the push of Quebec product into New York.

## Ontario Sweet Corn

Export to Ontario By State	2004	% Change 2000-2004	2000 U.S. Mkt Share	2004 U.S. Mkt Share	Export to Ontario By Country	% Change 2004	2000 Export 2000-2004	2004 Export Mkt Share	Mkt Share
Minnesota	\$2,573,823	88.42%	32.94%	72.46%	United States	\$3,552,023	-14.36%	98.54%	88.61%
<b>New York</b>	<b>\$679,713</b>	<b>5.56%</b>	<b>15.53%</b>	<b>19.14%</b>	Thailand	\$362,792	509.89%	1.41%	9.05%
Washington	\$159,433	-18.07%	4.69%	4.49%	China	\$75,611	7561100%	0%	1.89%
California	\$28,089	-87.67%	0.17%	0.72%	Vietnam	\$6,236	623600%	0%	0.16%
Illinois	\$25,538	262.60%	0.37%	0.60%	Mexico	\$5,728	1244.60%	0.01%	0.14%
Pennsylvania	\$21,306	-96.71%	12.35%	0.47%	Singapore	\$2,623	262300%	0%	0.07%
Maryland	\$13,730	-96.68%	9.98%	0.38%	Peru	\$1,816	284.75%	0.01%	0.05%
<b>Total U.S. Exports</b>	<b>\$3,552,023</b>	<b>-14.36%</b>			<b>Total to Ontario</b>	<b>\$4,008,436</b>	<b>-4.76%</b>		

## Quebec Sweet Corn

Exports to Quebec By State	2004	% Change 2000-2004	2000 U.S. Mkt Share	2004 U.S. Mkt Share	Export to Quebec By Country	2004	% Change 2000-2004	2000 Export Mkt Share	2004 Export Mkt Share
<b>New York</b>	<b>\$142,456</b>	<b>5.89%</b>	<b>66.53%</b>	<b>88.63%</b>	Thailand	\$173,318	1188.42%	4.77%	46.58%
Pennsylvania	\$13,647	-65.2%	19.40%	8.50%	United States	\$160,708	-20.50%	71.65%	43.19%
New Jersey	\$4,462	200.47%	0.74%	2.78%	China	\$24,927	-20.41%	11.10%	6.70%
Florida	\$142	N/A	0%	0.09%	Peru	\$5,292	N/A	0%	1.42%
Wisconsin	\$1	-99.99%	6.07%	0%	Vietnam	\$3,125	1367.14%	0.08%	0.84%
Oklahoma	\$0	N/A	0%	0%	El Salvador	\$2,436	N/A	0%	0.65%
South Dakota	\$0	N/A	0%	0%	Colombia	\$1,367	N/A	0%	0.37%
<b>Total U.S. Exports</b>	<b>\$160,708</b>	<b>-20.50%</b>			<b>Total to Quebec</b>	<b>\$372,114</b>			

# Snap Beans

Snap beans are grown in the Central and Western regions of New York for both fresh market and processing purposes. The 2004 crop was valued at \$27 million. Fresh production accounted for 52% of the total and ranks New York 4th in the U.S. Processing sales of \$13 million rank New York 3rd in the U.S. Given such rankings, it is disappointing to rank 15th among states exporting into Ontario. Not only have New York exports decreased 66.3%, Ontario exports into New York have increased over the last four years to over \$1.2 million. Snap beans are a product that could clearly enjoy improved sales from New York, as was achieved as recently as 2001, when \$1 million was sold into Ontario.

## Ontario Snap Beans

Exports to Ontario By State	2004	% Change 2000-2004	2000 U.S. Mkt Share	2004 U.S. Mkt Share	Exports to Ontario By Country	2004	% Change 2000-2004	2000 Export Mkt Share	2004 Export Mkt Share
Florida	\$7,352,119	24.98%	46.21%	41.70%	United States	\$17,631,513	38.51%	90.45%	88.68%
Michigan	\$2,356,514	135.84%	7.85%	13.36%	Mexico	\$906,614	71.69%	3.75%	4.56%
Georgia	\$2,126,861	-5.82%	17.74%	12.07%	Dominican Republic	\$310,180	137.59%	0.93%	1.56%
California	\$875,355	93.87%	3.55%	4.96%	China	\$293,113	112.07%	0.98%	1.47%
Virginia	\$720,741	177.07%	2.05%	4.09%	Guatemala	\$158,596	-7.63%	1.22%	0.80%
Pennsylvania	\$670,912	433.05%	0.98%	3.80%	Belgium	\$154,677	524.58%	0.18%	0.78%
Minnesota	\$599,723	62896.11%	0.01%	3.41%	Guyana	\$100,030	121.93%	0.32%	0.50%
Oregon	\$590,943	3.13%	4.50%	3.35%	Total to Ontario				
Washington	\$430,296	2466.02%	0.13%	2.44%		\$19,882,302	41.28%		
Wisconsin	\$427,829	22.49%	2.74%	2.42%					
New Jersey	\$333,256	16.22%	2.26%	1.89%					
Maryland	\$255,039	-45.56%	3.68%	1.44%					
North Carolina	\$237,014	5.44%	1.77%	1.34%					
Ohio	\$219,486	21948500%	0%	1.24%					
<b>New York</b>	<b>\$197,081</b>	<b>-66.3%</b>	<b>4.60%</b>	<b>1.12%</b>					
Total U.S. Exports		\$17,631,513	38.51%						

## Quebec Snap Beans

Like Ontario, the U.S. is Quebec's number one exporter into the province and New York ranks 11th amongst states, exporting a mere \$25,000 out of \$ 7.9 million from the U.S. Over the last four years, Quebec sales into New York have steadily increased to approximately \$ 750,000.

Exports to Quebec By State	% Change 2004	2000 U.S. 2000-2004	2004 U.S. Mkt Share	Mkt Share	Exports to Quebec By Country	2004	% Change 2000-2004	2000 Export Mkt Share	2004 Export Mkt Share
Florida	\$4,705,288	16.37%	72.79%	59.17%	United States	\$7,952,074	43.15%	90.41%	85.05%
Pennsylvania	\$957,799	548.13%	2.67%	12.04%	China	\$573,031	57303000%	0%	6.13%
Georgia	\$652,355	60.60%	7.31%	8.21%	Belgium	\$268,200	-24.36%	5.77%	2.87%
New Jersey	\$548,641	73.65%	5.69%	6.90%	Egypt	\$107,471	2615.29%	0.06%	1.15%
Virginia	\$382,641	293.77%	1.75%	4.81%	Poland	\$79,688	7968800%	0%	0.85%
North Carolina	\$223,150	139.01%	1.68%	2.81%	Guatemala	\$75,538	37.67%	0.89%	0.81%
Delaware	\$197,295	95.18%	1.83%	2.48%	Chile	\$59,032	17.85%	0.82%	0.63%
Idaho	\$105,922	529510%	0%	1.33%	Total to Quebec				
Tennessee	\$66,385	1396.51%	0.08%	0.83%		\$9,350,180	52.17%		
South Carolina	\$52,874	6652.75%	0.01%	0.67%					
<b>New York</b>	<b>\$25,232</b>	<b>-74.61%</b>	<b>1.79%</b>	<b>0.32%</b>					
Total U.S. Exports		\$7,952,074	43.15%						

## Product by Product Analysis Summary

With the exception of apples (which can be partially explained by statistics counting apples that go from New York to Canadian provinces, but are destined for other countries, such as the United Kingdom), all of the graphs summarize a situation of deteriorating balance of trade with Ontario and Quebec. Same season barriers cannot explain how other neighboring U.S. states and distant countries consistently out perform New York. The analysis points towards the need to make new and concerted efforts at a time when increasing fuel costs will help make the geographic proximity more economically appealing to Canadian buyers, if New York companies prioritize developing market relationships in the retail, wholesale and food service sectors.

## Retail, Wholesale and Food Service Sectors

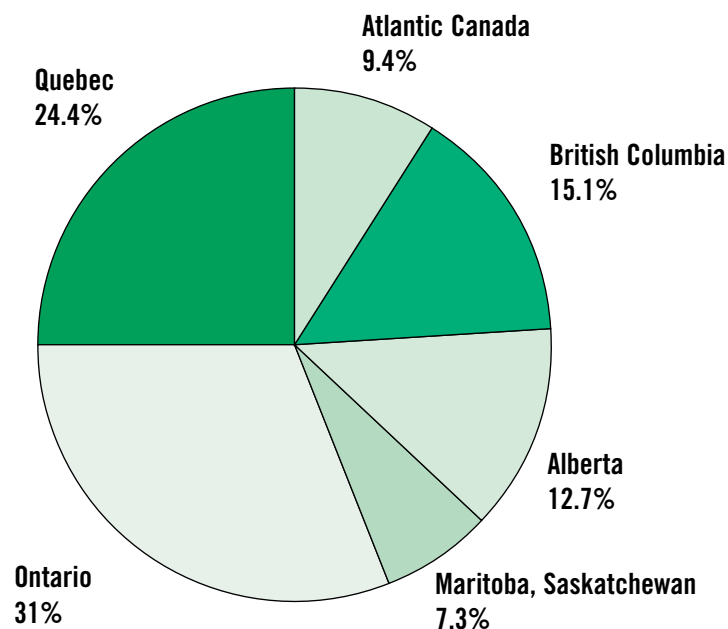
### Retail Sector

In 2002, Canada's 31 million consumers generated overall retail sales totaling CDN \$306.4 billion, representing a 6% increase over 2001. The food channel experienced its largest annual sales gain since 1987. While 2002 was a significant growth year for all retail sales, between 1998 and 2002 the increase seen in the overall retail channel increased a significant 24%, while the food channel grew 16%. The 2002 increase seen in this channel is considerable, and marks the largest increase experienced in more than five years.

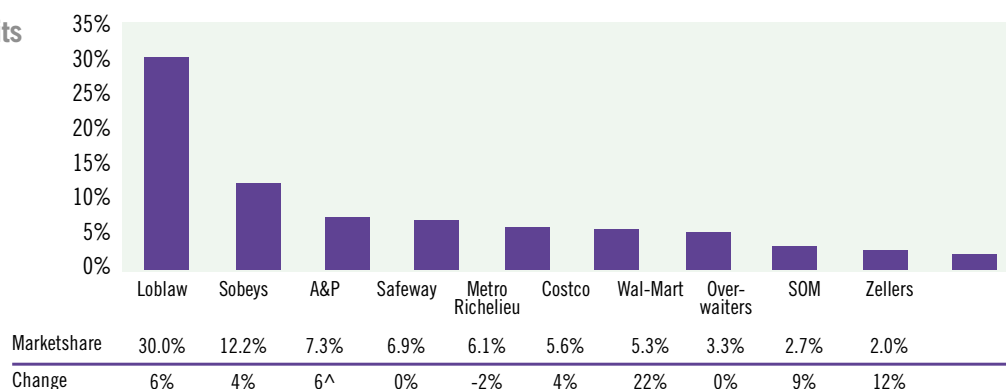
Supermarkets remain the most predominant store format in Canada, with the top three conventional retailers generating 50% market share across all food sales; while the top five retailers generate 63% market share. In 2002, according to Canadian Grocer, Ontario and Quebec combined to represent 55.4% of all regional grocery sales.



**Regional Grocery Sales, 2002**  
*Canadian Grocer,*  
"What's Up What's Down,"  
February 2003, pg. 29



## Chain Market Share by Units



Dramatic market consolidation has occurred, first as a means to own the market, then as a response to the emerging mass merchandiser and club warehouse stores. Interestingly, while the top three conventional grocery retailers are growing at a steady rate (Loblaw, Sobeys, and A&P), the fourth and fifth placed chains (Safeway and Metro Richelieu) are losing ground, likely to the extraordinary growth seen by the next two players, Costco and Wal-Mart, which grew at 4% and 22%, respectively, in 2003 alone.

The trade mission achieved both objectives of giving participants an in store experience of several of the largest supermarket chains, and convening meetings with some of those chains' produce buyers.

John Gill, President of Gill Farms, said, "We saw first hand how the Canadian consumer shops – by visiting several retail stores. That was very interesting. Personally, I was impressed by the markets and how much floor space they devote to produce. I leave here knowing that Canada really does want our business. And Canada now knows that we exist. They were introduced to the full array of produce New York has to offer. I have already done new business since returning from this trip. New York farmers and food companies should visit our neighbors to the north every year, and we should invite these buyers to come see our quality farm and processing operations."

One of the most productive meetings of the whole trade mission took place with Joe Sbrocchi, Senior Director, Produce Procurement of Sobeys Inc. The entire trade mission met with Mr. Sbrocchi. While heading up the second largest market chain in all of Canada, he showed the hospitality and genuine interest of a farmer when speaking with trade mission participants.

Whether at Sobeys, or any of the other half dozen chains visited by trade mission participants, all came away with the clear conclusion that produce sales are up dramatically in a Canadian market that is only an hour to three hours away; and that it made sense to pursue market opportunities with our neighbors to the north.

## Wholesale Distribution

The trade mission conducted extensive meetings at each of the primary wholesale distribution centers in both Ontario and Quebec. Meetings began early, when the market is thriving, at the Ontario Terminal Market (OTM). Bruce Nichols manages the Ontario Terminal Market. He welcomed the group with an orientation to the market, and an early walk around before assigned meetings sent the trade mission participants off to speak with different wholesale tenants within the market. The Ontario Terminal Market is unique in that it has 22 permanent wholesale tenants; but the market also

leases space to 480 truck farmers, who distribute product produced within the province. One of the first meetings was with Albert Streef, a family business which retains its Ontario farm land, started at the OTM leasing wholesale farmers truck space, and has grown to become one of the 22 anchor wholesale tenants.

As you might expect, a February – early March trade mission was not a peak activity time due to seasonal availability, but the Ontario Terminal Market was bustling with activity amongst the primary tenants.

The Quebec Terminal Market has a different organizational model than OTM. Of the multiple seasonal tenants, only two are allowed to import product from other provinces and countries. All of the other tenants exclusively sell product from Quebec, when such product is available. Andre Turenne, the General Director of the Quebec Produce Growers Association, explains that consumption of vegetables is higher in Quebec than any other region of Canada or the U.S.

“Fruits and vegetables are being promoted more as a way to increase the quality of health,” Turenne said. “Our association participates in many promotions to promote fruits and vegetables, including getting the 5-to-10 a day message out on billboards, buses and television. We’re lucky to be in an industry that is being promoted so heavily locally. Every TV station has a cooking show with a chef and each one promotes fruits and vegetables.”

Whether in Ontario Terminal Market or the Quebec Market’s two tenants that buy product from international sources year round, opportunities abound for Northeast producers willing to build relationships with these wholesalers.

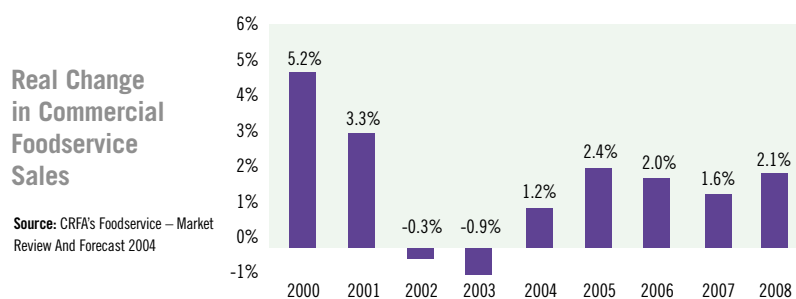


**Andre Turenne, the General Director of the Quebec Produce Growers Association**

### Food Service Sector

Food Service sales have grown over the last decade in Canada from CDN \$29.2 billion in 1994 to CDN \$44.9 billion in 2004. The average Canadian household visited restaurants for a meal or a snack 11.3 times over any two-week period in 2003 – unchanged from 2002.

Based on current economic projections, foodservice sales growth will peak in 2005 and moderate in 2006 to 2008. Over the next five years, real food-service sales will grow by an average of 1.9% annually, a slower rate of growth compared to the 3.2% average achieved over the past decade.



Food Service is too large a sector to ignore, and Faye Clack arranged several valuable meetings with food companies that supply Food Service customers. One good example was the meeting between Eric Hansen of Hansen Farms with Crystal Cottrill, Senior Merchandiser, Produce, for SYSCO Food Service of Toronto. Ms. Cottrill outlined opportunities with Sysco on both sides of the border; indicating how their procurement process works both in Ontario and within the Northeastern United States.





## Summary Results and Next Steps

Trade mission participants were overwhelmingly positive in their evaluation of the trade mission. The mission was successful as a starting point. As several participants shared, producers from New York, and other Northeastern states, need to build market development with Canada into their market planning efforts. Participants expressed desire to conduct annual trade missions, and the New York Department of Agriculture and Markets stands ready to facilitate such ongoing contact. In addition to regular trade missions, participants would like to invite buyers to visit New York state.

**Larry Eckhardt**, President, New York State Vegetable Growers Association: “This was an excellent opportunity for members of our association. I would like to see some type of follow up trips in the future.”

**Jim Bittner**, Singer Farms and New York State Horticultural Society, “This was a very worthwhile effort. My sales will not be made until July and August, but I will let you know when I receive increased sales from this trade mission.”

**Gary Balone**, Eden Valley Growers, “This was a very good trip and New York State Department of Agriculture and Markets representatives did an excellent job. We could use additional help on export transportation logistics.”

**John Russell**, Sun Orchard Fruit Company, “ This was a very well run trip, and I made good contacts for our company’s business.”

## Lessons Learned

- Like any new market, business begins with relationship building and grows through follow up.
- While some trade barriers are very real and need to be addressed through policy engagement, many products could be sold from New York and the Northeast where market development.
- Increasing fuel and transportation costs will improve the economic interest in Ontario and Quebec procuring products from Northeastern states as opposed to buying imports of the same products from much more distant locations.
- Ongoing support from state and federal agencies, such as the New York Department of Agriculture and Markets and the USDA (through programs like the Federal State Market Improvement Program) can serve to initiate significant new trade opportunities.
- Trade mission participants can be instrumental in changing New York farmers’ attitudes as they relay their positive experiences in the Canadian marketplace, which will create new additional entrants into Ontario and Quebec markets.

As we go to print on this trade mission report, good news continues to come into the New York Department of Agriculture and Markets that more shiploads of New York product are being ordered as an outgrowth of this trade mission.